

**Central Falls Detention Facility Corporation Meeting Minutes**  
**Wednesday, March 20, 2013**  
**Wyatt Detention Facility Training Building**  
**935 High Street**  
**Central Falls, RI 02863**  
**6:00 P.M.**  
**TDD/TTY 401-727-7450**

A meeting of the Central Falls Detention Facility Corporation was held on the above date in the Training Building at 6:00p.m.

1) Call to order / Roll Call – 6:04 p.m.

All Members present: Director Tillinghast, Director Rios, Director Cabral, Director Figueroa, and Chairman Hartford

2) Public Comment

Former Mayor Tom Lazieh said that he is interested in any lawsuits against the Corporation that can be discussed in public session. He is interested in hearing about the status of the lawsuit in regards to the taxes on the property where the Training Building is located. He requested a donation for the Central Falls Chess Team. The team is going to the Nationals and they are about \$4K short of the necessary funding. He asked that the Corporation to make a donation to support them, if funds were available. He asked for an update on the Almonte Report. He requested revenue from the facility to the City of Central Falls. He stated that, as the initiator of the project that created the facility, he is dismayed that the City has not received any revenues in more than three years. He inquired about the authorization of miscellaneous payments and purchases and the review of legal services listed on the agenda. He mentioned the forensic audit and the Belford investigation. He said that he sees these items listed on the agenda in Executive session, but he doesn't hear anything about them. He wondered if there was anything related to these items that could be discussed in public.

Chairman Hartford said that the matters related to personnel and collective bargaining was discussed in Executive Session. He was not willing or able to share that information in public session. He turned the request for a donation by the Central Falls Chess Club over to the Warden for his consideration. Tia Ristaino-Siegel, the President of the Central Falls Lions added that the Lions would be conducting an empanada sale to benefit the Chess Club. She asked that the facility, its employees, and the Union (FOP Lodge #50) consider purchasing empanadas in support of the Chess Club.

3) Approval of minutes, 2/20/13

Motion made by Director Cabral to approve the minutes from 2/20/13, seconded by Director Figueroa. All were in favor. Motion passed.

#### 4) New Business –

##### A) Report of Finance Committee

Director Tillinghast stated that he'd spoke with Robert Teasdale, Interim Controller within the last couple days and he was comfortable with the finances, as discussed. He asked Mr. Teasdale to provide an overview of the actual to budgeted financial figures for the Board. Mr. Teasdale said that overall revenues for the month of February were \$1.9M. This is unfavorable to the budget by about \$56K - \$57K. Actual ADP for the month was 623; budgeted ADP was 633. Revenue related to transportation and telephone commissions were approximately \$23K unfavorable to budget. This is not something that we can control. Total operating expenses for the month were \$1.3M. This is in-line with the budget, over by about only \$2K. Salaries and fringe were approximately \$895K. This is about \$30K favorable to budget. This is attributable to vacancies and staffing. Year-tot-date, salaries and overtime combined are about \$90K lower than in 2012 with about the same revenue stream. The Warden and his operations staff have done a good job in minimizing overtime. Inmate care expenses were \$125K. This is \$8K favorable to budget. Total direct and administrative expenses were \$149K; \$27K unfavorable to budget. This is primarily due to consulting fees, specifically Teasdale's fees, which were unplanned for. Insurance fees were on-target with budget. Total building and utility expenses were \$17K over budget. This is due to a significant increase in the electricity rate. We're told this is a temporary thing and it should come back down. Overall operating income was \$534K, compared to a budgeted amount of \$594K; a shortfall of about \$60K.

Non-operating expenses were \$765K; \$106K favorable to budget. This is partly attributed to the way that we're recognizing income and because we had a fully-depreciated asset that came off the books. Overall, the change in net assets was a \$229K decrease, compared with a budgeted change of \$276K. This is all driven by revenue, relative to ADP. Director Tillinghast concurred. He said that the operating metrics are behaving appropriately relative to the ADP.

Mr. Teasdale pointed out that legal fees are under budget. He credited Attorney Fracassa and his efforts at assuring the bondholders that everything is under control for this savings.

Motion to approve the report of the finance committee was made by Director Tillinghast; seconded by Director Rios. All were in favor. Motion passed.

##### B) Current cash report and overview of accounts

Mr. Teasdale reported that we are fully-funded on the debt-service fund. We've made those payments for January and February. We remain short by about \$2.2M on the debt-service reserve fund. It has been short through all of 2012.

##### C) Budget Amendment

Mr. Teasdale offered that operating expenses have not changed in the amended budget. However, capital expenditures that were approved and incurred in 2012 have not yet been paid. We've also added a line item for past due payables in an attempt to get caught up on expenses incurred in previous months, but not yet paid. The Trustee only looks at the budget on a month-by-month basis. Since we are working on an accruals

basis, but the Trustee looks at it on a cash basis, it's really just a timing issue as to when we use the money.

Chairman Hartford restated that this is not an increase to the operating budget, but just a method of moving things around, so that we could pay what was due. Mr. Teasdale concurred.

Motion to approve the revised budget was made by Director Tillinghast, seconded by Director Figueroa. All were in favor. Motion passed.

#### D) Legal Services - review

Chairman Hartford offered that he was introduced to the law firm of Pannone Lopes by Rosemary Gallogly, the Director of Revenue who is responsible on the state level for monitoring the operations of Wyatt and the City from the State's interest. The Receiver of the City reports to Rosemary, so she is involved in the appointment of this Board. She calls them in periodically to discuss what the Board is doing and the direction of the Board. She introduced them to this law firm and asked that they talk with them to see whether they can offer anything to the Wyatt in terms of supplementing the current legal services and if they can offer anything to the various legal matters that we've been dealing with. Pannone Lopes made a written proposal to the Board and the Chairman, in-turn, asked them to come tonight to discuss what they have to offer. He said that he'd discussed this with the Warden earlier today and the Warden took exception to the fact that the Board did not consult with him prior to this point, as there was discussion with the Warden when he was appointed about him being able to govern who provides legal services to the Corporation. That is an outstanding matter. He said that members of the Law Firm were here, so he intended to discuss with them what they could offer, but he didn't expect any decisions to be made tonight.

Matthew Lopes, a Partner with the firm offered that Pannone Lopes is a full-service law firm. He is a Special Master for the U.S. District Court and has been monitoring prisons, jails, and detention facilities for federal courts throughout the United States for twenty-five years. He is very familiar with prisoners' rights and prison issues. He is excited at the prospect that he can bring a national knowledge base to Rhode Island and do work locally.

Bill O'Gara, a founding member of the firm, offered that his background is in litigation and labor employment, ranging from traditional labor-law matters, contracts, negotiations, grievances, to defending employment claims and general litigation matters for a range of public and private clients. He said that he does work for municipalities to include the Rhode Island Airport Association and the Rhode Island Turnpike Authority, and a number of other non-profit clients across the state. He said that he has a large range of non-profit and for-profit clients.

Jay Gowell, another partner, offered that his background is in commercial transactions, commercial real estate, and public finance. He does a lot of bond work and government contracts. He has been Bond Counsel to various issuing authorities and special agencies.

Steve Raffa, Senior Counsel offered that he works exclusively on California prison litigation.

Chairman Hartford asked Attorney Gowell if he had any observations at this point in regards to the challenges that we have with our relationship with the Bondholders.

Attorney Gowell offered that we are clearly paying a high rate of interest on the bonds. He surmised that there was a penalty for refinancing the bonds. He suggested that there may be an opportunity to refinance the bonds with the State's backing, but that we'd have to determine if the savings was enough to offset the pre-payment penalty. He said that we could consider a low-floater, which could save a tremendous amount in this low-interest environment. He said that a financial analysis was necessary to determine what options were available, if any.

Director Tillinghast asked what the odds of a successful refinance are. Attorney Gowell said that he did not have the information off-hand and that a mathematical calculation was necessary. Since he had not read the indenture, he was unsure of the pre-payment penalties. Mr. Teasdale volunteered that the pre-payment penalty was 3% of the outstanding bond. Mr. Teasdale added that what makes refinancing difficult is that the facility has had a going-concern for the last three years. Attorney Gowell said that we may be able to piggy-back on the State's credit rating or that appropriation bonds could be an option. He added that he was just thinking out loud and that his ideas are not based on any review.

Chairman Hartford asked Attorney O'Gara if it was true that his firm represented labor unions. Attorney O'Gara responded in the negative, stating that the firm represents employers.

Director Tillinghast asked, if the firm were to represent the Wyatt, who would be General Counsel. Attorney O'Gara said that it would be him.

Chairman Hartford asked Attorney Lopes if he had ever represented a for-profit prison. Attorney Lopes said that he has worked for many Judges throughout the United States and Rhode Island, but he has not represented a for-profit.

E) Authorization of miscellaneous payments and purchases

No items requiring authorization. Warden Murphy pointed out that there was one situation, a leak in the heating system that needed to be addressed immediately.

5) Old Business

A) Almonte Report.

Attorney Lynch-Gadaleta said that she met with Mr. Almonte. He requested additional information from the facility. He may be finished by the end of the month, but it depends on scheduling interviews with other people. Chairman Hartford said that he had a meeting scheduled with him next week and would report back to the Board on that.

6) Reports of the Warden and/or Legal Counsel (as necessary); ADP update; and other matters.

No report provided.

7) Next meeting:

Wednesday, April 17, 2013 @ 6:00pm @ Wyatt Training Building

8) Executive Session pursuant to R.I. General Laws § 42-46-5 for the following purposes:

- A. RIGL § 42-46-5(a)(2) and RIGL § 42-46-5(a)(4) for the purpose of reviewing issues regarding FOP representation of supervisory staff, RILB petition regarding medical unit, and litigation concerning the Wayne Salisbury matter; Ng; Cornell; Avcorr; Property tax bill; Forensic Audit; Belford investigation.
- B. RIGL § 42-46-5(a)(3) for the purpose of receiving an operational report from the CEO. Review of Org Chart.
- C. RIGL § 42-46-5(a)(1) Personnel

Upon returning to open session at 9:00p.m., Chairman Hartford reported that the Board voted unanimously to extend the Nancy Bailey contract with an additional \$10K payment. The original contract with Ms. Bailey for the review of the Belford matter was for \$15K.

9) Adjournment